

September 19, 2025

## Sanghvi Movers Limited: Ratings reaffirmed; rated amount enhanced

### Summary of rating action

Instrument*	Previous Rated Amount (Rs. Crore)	Current Rated Amount (Rs. Crore)	Rating action
Long-term – Fund based – Term loan	588.36	778.49	[ICRA]A+ (Stable); reaffirmed and assigned for enhanced amount
Long-term – Fund based – Cash credit	100.00	150.00	[ICRA]A+ (Stable); reaffirmed and assigned for enhanced amount
Short-term – Non-fund based limits	45.00	196.00	[ICRA]A1; reaffirmed and assigned for enhanced amount
Long-term/short-term – Unallocated limits	17.92	55.50	[ICRA]A+ (Stable)/[ICRA]A1; reaffirmed and assigned for enhanced amount
<b>Total</b>	<b>751.28</b>	<b>1179.99</b>	

\*Instrument details are provided in Annexure I

### Rationale

The reaffirmation of ratings for Sanghvi Movers Limited (SML) factors in its established position as the largest crane rental operator in Asia<sup>1</sup> and its reputed client base, reflected in steady order inflow over the years. The company's combined order book recorded a CAGR of 52% over the last four years ending in April 2025, leading to healthy order book position providing near-to-medium-term revenue visibility. The ratings also consider its comfortable financial position with low leverage (TOL/TNW of 0.5 times on March 31, 2025). Despite a temporary moderation in crane rental revenue in FY2025 due to headwinds in the wind energy sector, SML's consolidated revenue grew by 26.4% YoY to Rs. 782.1 crore (four-year CAGR of 36.7%), aided by a ramp-up in its engineering, procurement and commissioning (EPC) business, which formed around 34% of total revenue (grown from 4% share in FY2024). The revenue growth continued in Q1 FY2026 with 82% YoY revenue growth to Rs. 273.4 crore.

The capacity utilisation and rental yields for SML recovered in Q1 FY2026 to 81% (73% in FY2025) and 2.11% (2.05% in FY2025), along with a 5x growth in YoY EPC revenue in Q1 FY2026, albeit on a low base. The revenue is expected to grow by 15-30% in FY2026 and FY2027 on the back of its healthy order book position and expected order inflows, supported by likely recovery of demand in wind energy (key end-user segment) and other core infrastructure sectors (e.g., cement, steel, oil refineries, etc). SML's operating margins moderated to 36.4% (Q1 FY2026) and 42.4% (FY2025) from 61.9% in FY2024, reflecting the increasing share of the EPC segment which has lower margin. Nonetheless, segmental margins remain healthy, with crane rental margins around 54% and EPC margins ranging at 11-15%. The company's core ROCE remained satisfactory at 16.5% in FY2025, supported by high-yielding crane assets and improving EPC execution. Considering the expected scale-up of EPC revenue, the operating margin is likely to moderate to 30% in the near to medium term with cash accruals expected to remain at healthy levels. ICRA takes note of the diverse fleet of cranes and good supporting infrastructure (consisting of a wide network of depots), which aids its operations across various end-user industries in multiple states in India.

The ratings are, however, constrained by expected moderation in the coverage indicators in the medium term, given the sizeable debt-funded capex planned in FY2026 of Rs. 470-490 crore, funded by ~75% long-term debt and the balance by internal accruals leading to significant increase in debt levels and reduction in free cash and cash equivalents. However, the

<sup>1</sup> According to International Cranes and Specialised Transport, SML was the largest crane rental company in India, largest in Asia and the 4th largest in the world in June 2024.

cash accruals are expected to remain healthy leading to a satisfactory expected DSCR (adjusted for actual repayment obligation) above 1.8 times in the near term and TD/OPBITDA below 2.5 times in medium term.

While SML has been diversifying its end-user industry over the past few years, its operations remains exposed to cyclicality in the investment activities of the end-user industries, especially the wind sector, which contributed around 53% (both through crane rental and EPC segment) of the company's revenues in FY2025. The segment's share is likely to increase further in FY2026 with the increased order book from the wind segment, albeit a stable demand outlook for the wind sector provides some comfort. The company is also exposed to execution risk, given that a sizeable share of the order book (41% as on April 15, 2025) is in the nascent stages of execution (less than 10% executed). The ratings also factor in the inherent exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for mobilisation advance and contractual performance. Nonetheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past. Moreover, the company's operating margins are exposed to price-escalation risk on its EPC orders in the absence of price-escalation clause in place. Notwithstanding its large scale of operations, SML continues to face competition from other smaller and mid-size players, which constrains its pricing flexibility.

The Stable outlook reflects that SML is likely to witness sustained growth in operating income, supported by the favourable demand outlook in its key end-user industries. Further, the outlook underlines ICRA's expectation of sustenance of comfortable capital structure and satisfactory coverage metrics.

## Key rating drivers and their description

### Credit strengths

#### **Large fleet of operations and established client base; healthy order book provides near-to-medium-term revenue visibility**

– SML is the largest crane rental operator<sup>2</sup> in Asia with a fleet of 370 cranes as on March 31, 2025. The company has a large fleet of high-capacity cranes, which are required for critical infrastructure projects and has made itself a preferred partner for heavy haulage requirements in various industries, especially infrastructure and wind power. The high capital cost required for higher capacity cranes is an entry barrier for smaller players and hence, the company enjoys a dominant position in the segment. Further, SML has a well-equipped workforce of trained crane operators and has set up 17 depots across the country (13 operational), which helps reduce the time taken to mobilise cranes at project sites leading to better fleet utilisation and optimisation of transportation cost. With its geographical presence in the country, it is well placed to provide timely services in a cost-efficient manner.

The operating profile is supported by its healthy order book position as on April 15, 2025, providing near-to-medium-term revenue visibility [~Rs. 254 crore (crane rental) and ~Rs. 403 crore (EPC) as of April 2025, providing order book to operating income ratio (OB/OI) of 0.5 times and 1.5 times of FY2025 revenue, respectively]. The crane rental order book recorded a CAGR of 20% over the last four-year period ending April 2025, supported by healthy order inflows, including repeat orders from existing clients. The crane rental order book is granular in nature, spread across various clients and pan-India territory with orders having a tenure of 6-8 months. The company has scaled-up its EPC business over FY2024 and FY2025. For the EPC order book, the top five projects constitute 84% orders with majority wind EPC orders distributed across Gujarat (38%), Madhya Pradesh (33%), Karnataka (22%) and other states (7%). The top three clients accounted for 63% orders in the EPC order book as on April 15, 2025.

**Comfortable capital structure and satisfactory coverage indicators** – The company's capital structure remains comfortable with a gearing of 0.4 times as on March 31, 2025. With sizeable debt-funded capex over FY2024 and FY2025, its coverage indicators though moderated, remain satisfactory as evident from interest cover of 12.8 times, and DSCR (adjusted for actual repayment obligation) of 3.0 times as on March 31, 2025. Further, with substantial debt-funded capex plans (Rs. 470-490 crore) in FY2026, the debt levels are expected to increase to over Rs. 600 crore by FY2026. While the same may moderate the

<sup>2</sup> The International Cranes Magazine ranked SML as largest crane rental operator in Asia and sixth largest in the world based on lifting capacity in June 2024.

coverage indicators, however, the DSCR (adjusted for actual repayment obligation) is expected to remain satisfactory at above 1.8 times in the near term and TD/OPBITDA below 2.5 times in the medium term.

**Favourable domestic demand prospects given the Government's focus on infrastructure development** – With continued Government focus on infrastructure development, demand for cranes has increased and is expected to remain buoyant over the medium term. The wind sector is the major contributor to SML's revenue and ICRA expects 4.5-GW wind capacity addition in FY2026. Apart from the wind sector, SML has presence across various other industries such as steel, cement, etc, which are looking at healthy capacity addition in the near to medium term, auguring well for its growth potential.

### Credit challenges

**Exposure to order book execution risk** – The company is also exposed to execution risk, given that a sizeable share of the order book (41% as on April 15, 2025) is in the nascent stages of execution (less than 10% executed). Any delay in work front availability/design approvals could adversely affect the progress of the projects. However, these are largely new orders received in H2 FY2025 and requisite approvals are in place for most of the orders. Any slippages on project execution or profitability could have a bearing on its credit profile. The ratings factor in the inherent exposure to sizeable contingent liabilities in the form of bank guarantees, mainly for mobilisation advance and contractual performance. Nonetheless, ICRA draws comfort from its execution track record and absence of invocation of guarantees in the past.

**Susceptibility to investment cycle in key end-user industries; high concentration towards wind power sector** – A large fleet with high-capacity cranes typically finds application in large-sized infrastructure projects. In case of an economic slowdown, when investments in infrastructure tend to decline, the capacity utilisation of the company's fleet might come under pressure. However, under such conditions, SML has a demonstrated record of prudently trimming its redundant capacities, reduce expenses and minimise impact on operating profits, which partially mitigates the risk. Hence, keeping debt levels (fixed obligations) under control along with maintaining sufficient liquidity remain key monitorable factors. SML's revenue concentration towards the wind power sector has witnessed significant increase during the last four years. It increased to around 53% (both through crane rental and EPC segment) from 36% in FY2021. The order book's exposure to the wind energy sector as on April 15, 2025, including crane rental and the EPC business is around 83%. Any further increase in concentration towards the wind sector remains a key monitorable for the company.

**Capital intensive nature of business necessitating debt-funded capex** – SML operates in a capital-intensive industry, necessitating substantial investments in equipment for its crane rental and EPC businesses. This is reflected in a significant debt-funded capital expenditure of around Rs. 740 crore from FY2023 to FY2025. The company typically raises debt through letter of credit-backed term loans with a door-to-door tenure of around five years. Due to recurring debt-funded capex, the ability to generate healthy return on capital employed and keep coverage indicators under acceptable levels remains a key rating consideration on an ongoing basis.

### Liquidity position: Adequate

SML's liquidity position is adequate with annual cash accruals likely over Rs. 200 crore vis-à-vis expected debt repayments of ~Rs. 112 crore in FY2026. It had free cash and liquid investments worth over ~Rs. 100 crore as on March 31, 2025, in addition to undrawn working capital limits of Rs. 100 crore, which support its liquidity position.

### Rating sensitivities

**Positive factors** – ICRA may upgrade SML's ratings in case of a significant and sustained improvement in revenues and profitability. Specific credit metrics that may lead to a rating upgrade include core ROCE above 20% and DSCR above 3.0 times on a sustained basis.

**Negative factors** – Sustained slowdown in end-user industries exerting pressure on revenue or profitability, or any crystallisation of the contingent liability or higher-than-anticipated debt-funded capex, which impacts the liquidity position

could put pressure on the company's ratings. Specific credit metric for a rating downgrade could be TD/OPBITDA higher than 2.5 times on a sustained basis.

## Analytical approach

Analytical approach	Comments
Applicable rating methodologies	<a href="#">Corporate Credit Rating Methodology Construction</a>
Parent/Group support	Not Applicable
Consolidation/Standalone	The ratings are based on the company's consolidated financials. List of entities included are given below.

## About the company

Incorporated in November 1989, SML primarily provides medium-to-heavy duty cranes on a rental basis to various private and public sector undertakings. The company had a total fleet size of 346 cranes with a cumulative lifting capacity of 81,288 MT as on March 31, 2024. SML's crane fleet consists of medium-to-large size hydraulic truck-mounted telescopic and lattice boom cranes and crawler lattice boom cranes with a lifting capacity ranging from 20 MT to 1,000 MT. Almost all the cranes are imported from Germany, the US, the UK, Japan, China, and Singapore. Its client list consists of several established Indian corporates.

According to International Cranes and Specialised Transport, SML was the largest crane rental company in India and Asia and the fourth largest in the world in June 2024. To establish itself as a one-stop solution for wind sector players by providing logistics, civil construction and installation services, with its current core competency as a crane rental supplier, SML is also providing EPC services to them. Further, SML is overseeing its EPC contracts similar to a project manager, focused on logistical solutions and vendor management.

### Key financial indicators (audited)

SML (consolidated)	FY2024	FY2025
Operating income (Rs. crore)	618.5	782.1
PAT (Rs. crore)	187.9	156.5
OPBDIT/OI (%)	61.9%	42.4%
PAT/OI (%)	30.4%	20.0%
Total outside liabilities/Tangible net worth (times)	0.4	0.5
Total debt/OPBDIT (times)	0.8	1.3
Interest coverage (times)	15.3	12.8

Source: Company, ICRA Research; All ratios as per ICRA's calculations; Amount in Rs. crore; PAT: Profit after tax; OPBDIT: Operating profit before depreciation, interest, taxes and amortisation

### Status of non-cooperation with previous CRA: Not applicable

### Any other information: None

## Rating history for past three years

Current (FY2026)				Chronology of rating history for the past 3 years							
				FY2026		FY2025		FY2024		FY2023	
Instrument	Type	Amount rated (Rs. crore)	Date	Rating	Date	Rating	Date	Rating	Date	Rating	
Term Loan	Long-Term	778.49	Sep 19, 2025	[ICRA]A+ (Stable)	July 12, 2024	[ICRA]A+ (Stable)	June 30, 2023	[ICRA]A+ (Stable)	Aug 30, 2022	[ICRA]A (Stable)	
					July 24, 2024	[ICRA]A+ (Stable)					
Cash Credit	Long-Term	150.00	Sep 19, 2025	[ICRA]A+ (Stable)	July 12, 2024	[ICRA]A+ (Stable)	June 30, 2023	[ICRA]A+ (Stable)	Aug 30, 2022	[ICRA]A (Stable)	
					July 24, 2024	[ICRA]A+ (Stable)					
Non-Fund Based Limits	Short-Term	196.00	Sep 19, 2025	[ICRA]A1	July 12, 2024	[ICRA]A1	June 30, 2023	[ICRA]A1	Aug 30, 2022	[ICRA]A1	
					July 24, 2024	[ICRA]A1					
Unallocated Limits	Long-Term/Short-Term	55.50	Sep 19, 2025	[ICRA]A+(Stable)/[ICRA]A1	July 12, 2024	-	June 30, 2023	[ICRA]A+(Stable)/[ICRA]A1	Aug 30, 2022	[ICRA]A (Stable)/[ICRA]A1	
					July 24, 2024	[ICRA]A+(Stable)/[ICRA]A1					

## Complexity level of the rated instruments

Instrument	Complexity indicator
Long Term – Fund Based – Term Loan	Simple
Long Term – Fund Based – Cash Credit	Simple
Short Term – Non-Fund Based Limits	Very Simple
Long Term/Short Term – Unallocated Limits	Not Applicable

The Complexity Indicator refers to the ease with which the returns associated with the rated instrument could be estimated. It does not indicate the risk related to the timely payments on the instrument, which is rather indicated by the instrument's credit rating. It also does not indicate the complexity associated with analysing an entity's financial, business, industry risks or complexity related to the structural, transactional or legal aspects. Details on the complexity levels of the instruments are available on ICRA's website: [Click here](#)

**Annexure I: Instrument details**

ISIN	Instrument name	Date of issuance	Coupon rate	Maturity	Amount rated (Rs. crore)	Current rating and outlook
NA	Long-Term – Fund based - Term loan	FY2023-FY2025	NA	FY2027-FY2030	778.49	[ICRA]A+ (Stable)
NA	Long Term – Fund Based – Cash Credit	NA	NA	NA	150.00	[ICRA]A+ (Stable)
NA	Short Term – Non-Fund Based Limits	NA	NA	NA	196.00	[ICRA]A1
NA	Long Term/Short Term – Unallocated Limits	NA	NA	NA	55.50	[ICRA]A+ (Stable)/[ICRA]A1

Source: Company

[Please click here to view details of lender-wise facilities rated by ICRA](#)

**Annexure II: List of entities considered for consolidated analysis**

Company name	Ownership	Consolidation approach
Sangreen Renewables Private Limited	100.00%	Full Consolidation
Sangreen Biorenew Private Limited (Formerly known as Samo Renewables Private Limited)	100.00%	Full Consolidation
Sangreen Future Renewables Private Limited	100.00%	Full Consolidation
Sangreen Logistics Private Limited	100.00%	Full Consolidation
Sanghvi Movers Middle East Limited	100.00%	Full Consolidation

Source: Annual report 2025

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ICRA Limited was set up in 1991 by leading financial/investment institutions, commercial banks and financial services companies as an independent and professional investment Information and Credit Rating Agency.

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